
Commission Meeting

of

STATE HOUSE COMMISSION

LOCATION: Committee Room 1
State House Annex
Trenton, New Jersey

DATE: September 23, 2019
10:30 a.m.

MEMBERS OF COMMISSION PRESENT:

Justin Braz, Chair
Senator Michael J. Doherty
Assemblyman John DiMaio
Catherine Z. Brennan
David Ridolfino



ALSO PRESENT:

Robert J. Shaughnessy Jr.
Commission Secretary

Gary A. Kotler, Esq.
Commission Counsel

Meeting Recorded and Transcribed by
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JUSTIN BRAZ (Chair): Good morning; welcome to today's meeting of the State House Commission.

Mr. Shaughnessy, if you would please take the roll.

MR. SHAUGHNESSY (Commission Secretary): Initially, we are in compliance with the Open Public Meetings Act. Notice of this meeting was given by way of notice dated September 17, 2019, filed with the Secretary of State, delivered to the State House Press Row, and posted in the Office of the State House Commission, as well as posted on the State House Commission website.

Welcome; today is September 23, 2019; it's a little after 10:30 a.m.

And I'll call the roll, at this point.

Deputy Chief of Staff Braz.

MR. BRAZ: Here.

MR. SHAUGHNESSY: Deputy State Treasurer Brennan.

MS. BRENNAN: Here.

MR. SHAUGHNESSY: Acting Director Ridolfino.

MR. RIDOLFINO: Here.

MR. SHAUGHNESSY: Senator Doherty.

SENATOR DOHERTY: Here.

MR. SHAUGHNESSY: And Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Here.

MR. SHAUGHNESSY: Thank you very much; we have a quorum.

The first order of business is under Old Business, and it's approval of the June 24, 2019, State House Commission meeting minutes. They have been distributed to the members.

Does anyone have any questions or comments concerning those minutes? (no response)

Hearing none, may I have a motion?

MR. BRAZ: Motion.

MR. SHAUGHNESSY: Second?

ASSEMBLYMAN DiMAIO: Second.

MR. SHAUGHNESSY: Motion and second; thank you.

Deputy Chief of Staff Braz.

MR. BRAZ: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Brennan.

MS. BRENNAN: Yes.

MR. SHAUGHNESSY: Acting Director Ridolfino.

MR. RIDOLFINO: Yes.

MR. SHAUGHNESSY: Senator Doherty.

SENATOR DOHERTY: Yes.

MR. SHAUGHNESSY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. SHAUGHNESSY: That carries.

So on to No. 2, it's RPR 98-09, Block 36302, Lot 1, City of Trenton, Mercer County.

Treasury requests approval to lease a portion of the water tower, located at 100 Sullivan Way at Trenton Psychiatric Hospital, to AT&T Wireless PCS of Philadelphia, LLC, doing business as AT&T

Wireless Services, for the operation and maintenance of a cellular antenna. AT&T is the current tenant of this space.

The current lease and all renewal options are expiring, and a new lease must be approved.

The current annual rent is \$43,319.04. The prior annual rent increases have resulted in the current annual rent being in excess of the market rate.

The lease will be for a term of five years, commencing on August 25, 2020, at \$35,000 annually initially, with three successive five-year renewal options with 3 percent annual rent increases during each renewal option.

That's the matter for consideration today.

Do any members have any questions or concerns?

Senator Doherty.

SENATOR DOHERTY: Yes; it says here that the current annual rent is in excess of the market rate. How was that determined, and what would the market rate be?

MR. SHAUGHNESSY: I think-- Is anyone from AT&T here?

MIKE MYERS: (off mike) Yes.

MR. SHAUGHNESSY: Okay; come on up, please.

We didn't see you on the sign-in sheet, unless-- But that doesn't matter. Come on up, and please identify who you are and who you're with.

MR. MYERS: Yes; my name is Mike Myers. I work with a company called Smartlink LLC; we are a turf vendor for AT&T. We handle

all their leasing for their EPA market -- Central New Jersey and Southern New Jersey.

Senator, to answer your question -- the way it's determined is, we have about 14 other municipal water tanks in Central and Southern New Jersey. And the standard market value for those are about \$24,000 a year. When this case came into play, in 2000, it was agreed at 5 percent annual increases, which is more than double what the industry standard is. They're usually about 2, sometimes 3 percent annual; and as a result, at the time they renew it they need to make adjustments accordingly.

Obviously, their biggest concern is to have long-term security and a long term asset with the State. In order to do that, they have to have a reasonable rent; because it has to be sustainable or it's going to make them have to opt out prior to the expiration.

And as a result, we went back and forth with the State, with Nikki Conti at the Department of Treasury. And she said that the State was willing to agree to \$35,000; it's still significantly above what's -- \$24,000, \$25,000 is where it would be in 2020.

However, as a good faith in a long-standing partnership, they want to continue that; so we agreed to \$35,000.

SENATOR DOHERTY: Okay.

MR. MYERS: Any other questions?

SENATOR DOHERTY: Thank you; no.

MR. BRAZ: How was the original rent, \$43,319.04, arrived at?

MR. MYERS: So I don't have the original rent off the top of my head here. But because the original agreement had 5 percent annual

escalators, it just kept escalating, double what the typical industry standards were.

Now, also understand, too -- in 2000 when this was done, obviously, telecommunications is an extremely competitive industry, and it's 100 percent technology driven. So at the time, in 2000, they were more concerned about building their networks and getting them in place. Now they've had 25, 30 years of history of having these leases; and now they understand how better to operate, and what works and what doesn't. And unfortunately, when they have rents that exceed-- I mean, if you're looking in 2020, if it continued as it was, you're going to be around \$48,000, \$49,000 a year. I mean, that's over \$28,000 higher than what they're paying on their other municipal tanks across the board. And that forces them to have to leave before that lease is up, which is not good for either party. I mean, it's primary T-Mobile coverage for your Correctional Facility, right there on the campus. I think there's a forensics facility over there. I know there's a School for the Deaf that covers a lot of the coverage area there.

So again, they want to continue the partnership; they're just looking for reasonable terms as they renew.

MR. BRAZ: Thank you.

If you were to bring the annual rent increases in line to market standards -- you said it's about 2 to 3 percent a year, instead of 5 percent -- and keep the annual rent as what has been dictated over the course of the historical agreement, is that something that would be reasonable to the provider?

MR. MYERS: I mean, unfortunately, because it's such an excess of what's average-- I mean, it's a tough sell; I mean, it took a while to get them to agree to \$35,000. And we went back and forth with the State -- a number of times, back and forth to try to come up with something reasonable. I mean, I can't say "no," but I can certainly say that it's not something that they were originally willing to do when we agreed to terms.

Again, though, with that said, that's why they're offering \$35,000, because it's still \$10,000 above what they have with their other sites.

MR. BRAZ: I appreciate that.

Is there someone from Treasury here who could speak to the annual--

Thank you, Mike.

MR. MYERS: You're welcome; thank you.

ROBERT TIGHUE: Hi; Bob Tighue, Treasury, DPMC.

Question?

MR. BRAZ: Yes, Mr. Myers had indicated that the average rent for one of these towers is \$24,000 to \$25,000 a year. Is that what you see, typically?

MR. TIGHUE: Well, not for the State. I mean, for the municipalities, apparently, that's what the water tower rent would be, and I have no reason to doubt that.

The State, as he had said -- we have 5 percent increases on most of our towers. We are finding that as they come up for renewal, that we are out of line with the market. So we do have to come back and renegotiate.

We actually thought \$35,000 was kind of beneficial to the State.

MR. BRAZ: Right. Have we lost any leases because of our--

MR. TIGHUE: We have not; we have not.

MR. BRAZ: Have we entered in-- Is this common practice? Are we negotiating with all of the carriers? Are we negotiating, I should say?

MR. TIGHUE: Starting to be; it's starting to be.

MR. BRAZ: Okay; so is this the first one?

MR. TIGHUE: As far as I know.

MR. BRAZ: Okay. So this would essentially start, I guess, our new trend.

MR. TIGHUE: Correct.

So what happens is, generally, as the leases are due to expire, within -- about a year prior we start getting phone calls, "Are we negotiating?"

MR. BRAZ: All right. Are some towers, depending on location, more valuable than other, or there tends to be just a standard rate?

MR. TIGHUE: I would leave that question to Michael.

MR. MYERS: I mean, a lot of it depends on -- you know, if you're in the Midwest in the middle of nowhere, yes.

MR. BRAZ: Well, we're talking about just Jersey, specifically, on this.

MR. MYERS: Jersey specifically-- I mean, it's New Jersey; there are always places to go. There are people everywhere, there are towers everywhere, there are buildings everywhere. Obviously, it's something they

would have to look into; it would have to be approved by their engineers. But, again, they have to put themselves in the best position so they can have long-term security.

MR. RIDOLFINO: Can I ask a question?

MR. BRAZ: Yes, please.

MR. RIDOLFINO: Bob, the original lease was from 2000, you said, if I heard correctly, right?

MR. TIGHUE: Yes.

MR. RIDOLFINO: So it's a 20-year term?

MR. TIGHUE: Yes; well, I think five years, with renewals -- five-year renewal options.

MR. RIDOLFINO: And they were 5 percent a year, just automatic escalator?

MR. TIGHUE: Correct.

MR. RIDOLFINO: So it had nothing to do with the cost of -- no inflation or any other factor.

MR. TIGHUE: No, there was no looking at market. It was just what was negotiated back at that time; and then what the result was, based off of the escalation.

MR. RIDOLFINO: When that -- and this is just, I guess, an opinion, right? -- I mean, when that lease was first negotiated -- the original lease -- were they overpaying from the start because of competitiveness, you know? Or were we--

MR. TIGHUE: It was before my time (laughter), but I don't know. I don't want to say "yes" or "no."

I mean according to Michael -- I guess he said that there was a priority just to get yourself in the market; and that was more of an issue than, I guess, the rate at that point.

MR. RIDOLFINO: I mean, just following up on what Justin's asking -- is this something that we're going to be seeing moving forward -- where we're going to actually be renegotiating these leases for less?

MR. TIGHUE: I would think that could be coming down the road, yes, depending on where the lease falls at the time of renewal.

MR. RIDOLFINO: How many of these leases do we have, do you know, roughly?

MR. TIGHUE: Throughout the state?

MR. RIDOLFINO: Yes. And do they all go through DPMC, or does each department actually have the authority to negotiate these things?

MR. TIGHUE: We have 10 through DPMC. I think that some of the Departments, like State Police, may be able to handle their own negotiations. Don't quote me on that.

MR. RIDOLFINO: Can we, I guess, maybe, through DPMC, kind of inventory how many of these leases we actually do have? Not just what you're responsible for, but also what the other Departments are responsible for, by reaching out to those Departments?

MR. TIGHUE: Sure.

MR. RIDOLFINO: I mean, as the OMB Director, I want to know that, all right--

MR. TIGHUE: Right, sure.

MR. RIDOLFINO: --and understand what we're dealing with here.

MR. TIGHUE: Yes, no problem.

MR. RIDOLFINO: Okay, thanks.

MR. BRAZ: Is there a time sensitivity to getting this approved today? When does the current contract run out, for instance?

MR. MYERS: I mean, typically the industry is -- they have a two-year cut off, which-- We're dealing with a State entity, so we have some flexibility there.

You know, again, we did originally enter negotiations back in 2018. We had the Treasury approval back in October of last year; you know, nearly a year later, and I'm thankful for the opportunity to sit down in front of you finally. However-- I mean, the main thing here is that they don't want to be in a position-- They have a lot of hoops to jump through if they need to move; and they don't want to put themselves in a corner where they have no options.

Again, it's a standard practice; I mean, if it touches a little bit on what you mentioned-- I've looked at the original lease, but New Cingular Wireless, who is AT&T's legal entity, may not have been the original wireless entity that the State entered into, which could have been a reason why it was negotiated differently. They have acquired a ton of sites since 2000.

I could better answer that question for you if I had the lease in front of me, but--

MR. BRAZ: So it says this lease term wouldn't commence until August 25, 2020; so I imagine there is a little bit of leeway here.

My biggest concern is not this individual rental.

MR. TIGHUE: Down the road--

MR. BRAZ: It's the fact that, from everything that I understand, that we will be setting a standard for the rest of the market rate without understanding how many other towers are in our actual purview or control. And we want to make sure that we're making a holistic decision, in terms of what market rate standard we're setting, right? And also determine whether it's determined by location, or the asset's position -- whatever it may be.

Knowing that this isn't time sensitive, necessarily, and knowing that we meet quarterly, I would -- my recommendation would be to table this until the next State House Commission meeting, so we can get more information from DPMC, so we can actually make a holistic recommendation here.

Assemblyman.

ASSEMBLYMAN DiMAIO: I have one question for Mr. Myers, with regards to these leases and the existing sites.

How often do you actually cancel a lease, and move your equipment out, and go somewhere else?

MR. MYERS: Well, it's actually been a practice that's been done exponentially more as the years progress. Typically, a while back, they weren't moving many at all. But lately, you know -- I can't speak on the other carriers; I can only speak on AT&T directly, since that's who I work with -- they have moved, probably, 400, 500 already this year.

ASSEMBLYMAN DiMAIO: Nationwide?

MR. MYERS: I'm sorry?

ASSEMBLYMAN DiMAIO: Nationwide?

MR. MYERS: Yes; nationwide, yes.

I mean, they're starting-- Again, they have options; they have their network built. It's not even just-- I mean, again, this is one cog in the whole machine, you know? They have a number of sites that pin off of this site; I mean, and it's a network. So if they have a non-secure asset at one site, it's going to affect what they can invest in around it; because they don't know what's going to happen with the other sites if that one was to move.

Again, is it time-sensitive for AT&T? Yes; I mean, the telecommunications industry -- one year out before expiration is a critical issue that they need to deal with to secure their assets.

Yes, they do; they do move, to answer the question. Yes, they will. If they're significantly above market value, and they can determine that it would be in their best interest, they will move it; yes.

MR. BRAZ: Anything further? (no response)

So Mr. Myers, for your clarification, we're statutorily required to meet quarterly, which means that the next State House Commission meeting-- Well, it hasn't been set yet, most likely will be in December, right? So when we're talking time sensitivity, there is a decision date on the horizon, potentially, within the next two to three months.

Do you see that as being -- three months being a deal-breaker for your client? I know you can't speak directly for them, but you have to understand the State's position, in terms of making sure that you're setting a trend here, for what looks like is going to be an ongoing negotiation with a lot of different towers.

MR. MYERS: I mean, yes, you're right; I can't answer that question for AT&T.

It will probably be an issue for them. I don't know what it will prompt on their end; I'll have to have that conversation with them.

I'm not going to lie -- we were expecting to, hopefully, come to an agreement today, or at least get somewhere closer, since we have been hanging out for a while, trying to get this addressed.

With that said, again, I can't speak for the other carriers. But you talk about the future; it's a very common practice now. And also to understand -- the reason why this has come up now is most of these leases were 20 -- 15, 20, like 30 years. So they're all hitting now; and that's why these things are coming to light now, because a lot of these leases that were done in late 1990s and early 2000s -- now is the time to address them.

And it's also common practice that they address them within five years of expiration. So given the fact that it's a State entity, they're willing to work with you and get as close as they can.

But it's getting a little hairy on the time frame; I'm not going to lie.

MR. BRAZ: No, I understood. But this is also the first time before this Commission.

MR. MYERS: Of course. And I'm not 100 percent familiar how you guys operate. So it's my first time here, too.

MR. TIGHUE: Based on -- and this hasn't been confirmed -- but just based on what I'm looking at on my spreadsheet as far as when leases are expiring, it looks like we have one coming up next year that is a similar rate. And actually, it's a little lower than what they're currently paying now.

And then we would have another one coming up two years from now; 7 of the 10 that we have were renegotiated last year and approved. So I don't see them coming back to us until four years from now.

MS. BRENNAN: I would think that the opportunity cost of possibly losing this lease is worth pausing. And should AT&T decide to go elsewhere -- which we hope won't happen -- but if we could have another month, or two to three months, to evaluate what the total impact to our State budget might be if all of these leases -- similarly situated leases were to come in and renegotiate -- what that budget impact would be.

And also, just for Treasury to do its own market analysis and let us know for sure that this is the direction we should be heading.

MR. SHAUGHNESSY: So do I understand that that's a motion to table until the next meeting? Okay.

Briefly, is there any other member of the public who would like to be heard on this matter before we take a motion and a second? (no response)

Seeing none, may I have a motion to table this until the next meeting to gather more information?

MR. BRAZ: Motion.

MR. SHAUGHNESSY: Second?

MR. RIDOLFINO: Second.

MR. SHAUGHNESSY: Motion and second; I'll call the roll.

Deputy Chief of Staff Braz.

MR. BRAZ: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Brennan.

MS. BRENNAN: Yes.

MR. SHAUGHNESSY: Director Ridolfino.

MR. RIDOLFINO: Yes.

MR. SHAUGHNESSY: Senator Doherty.

SENATOR DOHERTY: Yes.

MR. SHAUGHNESSY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. SHAUGHNESSY: That motion to table is approved unanimously.

MR. RIDOLFINO: Can I just say one thing real quick?

MR. SHAUGHNESSY: Absolutely.

MR. RIDOLFINO: Bob, I have all the faith in the world in the 10 that you guys are dealing with.

MR. TIGHUE: Sure.

MR. RIDOLFINO: I don't have all the faith in the world on what the Departments are out there doing individually.

MR. TIGHUE: Yes.

MR. RIDOLFINO: That's kind of why I want to see what an inventory is, and what the Departments are doing.

MR. TIGHUE: And I can't speak intelligently to how many there are, if any. I think there may be DMAVA, or may be State Police -- I'm not sure -- but I don't want to say no, because I'm not sure.

MR. RIDOLFINO: Yes; if we need to work together to put together something to the Departments, just let me know. But I would like to get a full inventory.

MR. TIGHUE: No, I get it.

MR. BRAZ: And Mr. Myers, we want to make sure we keep AT&T obviously close to the process.

MR. MYERS: Of course.

MR. BRAZ: I mean, this is certainly not a rejection, by any stretch of the imagination. The State has to do its due diligence--

MR. MYERS: Absolutely.

MR. BRAZ: --to make sure we're getting market rate.

So please, if you're dealing with Bob directly, please keep him in the loop as close as possible.

MR. TIGHUE: Yes.

MR. MYERS: And Nikki, I'm assuming.

MR. TIGHUE: Correct.

MR. MYERS: Okay; great.

Yes; no, that's fine.

MR. SHAUGHNESSY: Thanks very much.

MR. BRAZ: We appreciate it; thanks you.

MR. MYERS: I appreciate your time; thank you for your time; for being (indiscernible).

Thank you.

MR. TIGHUE: Thanks.

MR. MYERS: Thank you.

MR. SHAUGHNESSY: Okay, we're moving on to No. 3, under Old Business. It's Project RPR 13-04, Block 156, Lot 11, City of Burlington, Burlington County.

Treasury, on behalf of the Department of Military and Veterans Affairs, is requesting approval for the direct sale to the City of Burlington of

the former Burlington Armory, which has been declared surplus to DMAVA's needs.

The property was previously approved by the Commission for a direct sale to a nonprofit third party at its meeting of December 12, 2016. This agreement was terminated due to the purchaser's failure to close title. Previously, at its meeting of September 27, 2018, the Commission had approved the sale of the property, by an Internet auction, for \$225,000 in the event the prior sale referred to above was not consummated.

Since that time, the property has received significant damage and deterioration, resulting in a reduced liquidated value.

The property will be sold, via direct sale, to the City of Burlington for the current appraised liquidation value of \$56,300.

Do any members have any questions or concerns about this matter?

MS. BRENNAN: Can you discuss what has happened to deteriorate the property?

MR. SHAUGHNESSY: Treasury? DMAVA?

MR. TIGHUE: Is DMAVA here?

MR. SHAUGHNESSY: Is DMAVA here?

MR. TIGHUE: I don't think they're here.

So this property has come to this Commission a few times, I think, over the last several years.

We had -- we were approached by the Department of Military and Veterans Affairs with a nonprofit that was going to purchase it. It took them several years to try to get the funding for that. We kept coming back.

During that time there's been roof damage, the boiler -- which was the major issue -- no longer works, at least from what we were told.

So we were told there was several hundred thousand dollars' worth of issues on the property that would need to be addressed in order to close. DMAVA had offered to demolish the building; and during that time, the City -- which has their municipal building right across the street -- came to us to see if they could purchase it.

So we had gotten a new appraisal done; and the new appraisal basically gave zero value to the main armory. But there is a garage warehouse behind the building, which they came in at \$53,000, and said that would be the only thing that had value at this point. So that's what we negotiated.

MR. SHAUGHNESSY: So this would be a direct sale through the municipality, as I understand it.

MR. TIGHUE: Correct.

MR. SHAUGHNESSY: Questions?

Deputy State Treasurer.

MS. BRENNAN: I just wanted to bring to the attention of the other members of the Commission that there was language contained in the State's Appropriations Act regarding asset optimization; and we had a \$50 million line item scored in the revenue section of the budget, assuming that we will optimize various assets. We are in the current stage of evaluating the State's assets. And so we should just-- I'm not opposed to this transaction at all; I just want to make you all aware that we will need to stay cognizant and coordinate with the efforts that are going on now

regarding asset optimization, and I guess disposition of the properties for the State's benefit.

MR. RIDOLFINO: Bob, if we were-- Since this thing has deteriorated so much and there's really hardly any value to it, are we better off knocking it down and then just auctioning off the land, as opposed doing a direct sale to Burlington?

MR. TIGHUE: Burlington City is not an area in high demand. The demo costs would probably exceed the land value. So this was kind of a good way out for the State to be able to get a little bit out of it and not cost us anything for the demo.

MR. RIDOLFINO: So the delay with the not-for-profit, basically, costs us \$150 grand.

MR. TIGHUE: You could look at it that way.

MR. SHAUGHNESSY: Any the other members' questions?
(no response)

Hearing none, any member of the public want to be heard with regards to this matter? (no response)

Hearing none, may I have a motion, please?

MR. BRAZ: Motion.

ASSEMBLYMAN DiMAIO: Second.

MR. SHAUGHNESSY: Motion and second; thank you, Assemblyman.

I'll call the roll.

Deputy Chief of Staff Braz.

MR. BRAZ: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Brennan.

MS. BRENNAN: Yes.

MR. SHAUGHNESSY: Director Ridolfino.

MR. RIDOLFINO: Yes.

MR. SHAUGHNESSY: Senator Doherty.

SENATOR DOHERTY: Yes.

MR. SHAUGHNESSY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. SHAUGHNESSY: That matter is approved; thank you very much.

Moving on to New Business.

No. 4 on the agenda -- Project RPR 20-01, Block 9, part of Lot 7, Lebanon Township, Hunterdon County.

Treasury requests approval to lease the property known as the East Hall, located on the grounds of the Hagedorn Psychiatric Hospital, to Evoke Wellness, LLC, to be used for treating patients with psychiatric, mental health issues, eating disorders, and substance abuse addiction.

East Hall contains approximately 57,462 square feet of space.

The lease shall be for a term of 15 years, with three, five-year renewal options.

The base annual rent shall be \$100,000, for the first year one; year two shall be \$400,000; year three rent shall be \$521,754.96; with 3 percent rent increases every three years during the remainder of the lease.

The lessee will be responsible for the care and general maintenance of, and all utilities supplied to the premises. Lessee shall have a right to terminate the lease after the first five years of the term, with the

payment of a cancellation fee of three months at the rental rate then in effect.

That's the matter for consideration.

Do any members have any questions or concerns about this matter? (no response)

Hearing none, is there any member of the public who wishes to be heard on this matter? (no response)

Hearing none, then I will--

MS. BRENNAN: Bob--

MR. SHAUGHNESSY: Yes; motion?

MS. BRENNAN: --just a second.

I just wanted to raise an issue.

Because of the number of transactions that come across my desk in the course of the day-to-day operations in Treasury, I just wanted to inquire as to whether -- when these various leases and transactions come before this Commission -- whether or not we go through a tax clearance process for the entities -- the private entities.

I just see -- and this is not a comment on this transaction -- but I just see that, time and again, when we're doing State business, that there are a number of entities that cannot get a tax clearance. And so I just wanted to know if that's part of this routine process, or whether that's something we can add.

MR. SHAUGHNESSY: No; fair enough. That's a very good concern.

I don't know if that process is in place; and I don't know how the other Departments may do it. So if you want to make that as a process

-- for entities to bring things here -- then I think the Commission should well do that.

MS. BRENNAN: Or if a tax clearance could at least be added for the private entity -- if we're dealing with a private entity as part of the Commission packet, going forward.

MR. SHAUGHNESSY: Do we need a motion for that, Counselor?

MR. KOTLER (Commission Counsel): No, I don't think so.

MR. SHAUGHNESSY: Okay. So that will be part of the record, and that will be, going forward, a process added.

Thank you very much.

Any other questions?

MR. BRAZ: Assemblyman DiMaio.

MR. SHAUGHNESSY: I'm sorry; Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes, I just thought of something.

Since this is a complex with many buildings-- It actually resides in our District.

Is this building -- since all of the utilities would be paid by the lessee -- is this building totally separate, across the board, from, like, the water system? Because there's a water tower up there -- is it separately metered, electric-- All of the utilities that come in -- are they separate to this building and not shared with others?

MR. SHAUGHNESSY: Mr. Tighue.

MR. TIGHUE: So everything is tied in to one central system. We are having separate meters installed so we can do a direct bill to the tenant for utilities and electric.

For some reason, JCP&L won't allow us to do their own meter on this building. I don't understand; everything has to go through our central power plant, and then we would have to do our private meter. But we've done that before with other tenants.

ASSEMBLYMAN DiMAIO: You'll set a new meter at this building.

MR. TIGHUE: Excuse me?

ASSEMBLYMAN DiMAIO: You'll set a new meter on that piece.

MR. TIGHUE: Correct, yes. We do that with another tenant, and we just get the annual meter readings every month -- or monthly meter readings.

ASSEMBLYMAN DiMAIO: Is it a community well for the complex?

MR. TIGHUE: It's a well on site, that gets pumped to a water tower, that then gets distributed through the buildings.

ASSEMBLYMAN DiMAIO: And that's going to be on a separate meter as well?

MR. TIGHUE: Correct.

ASSEMBLYMAN DiMAIO: Okay; thank you.

MR. SHAUGHNESSY: Satisfied? Okay, thank you very much.

Thank you, Mr. Tighue.

Any other questions from the members, or any member of the public wish to be heard on this matter? (no response)

Okay; hearing none, may I have a motion on No. 4 on the agenda?

ASSEMBLYMAN DiMAIO: So moved.

MR. SHAUGHNESSY: Thank you, Assemblyman DiMaio.

Second?

MS. BRENNAN: Second.

MR. SHAUGHNESSY: Thank you, Deputy State Treasurer Brennan.

Okay, I'll call the roll.

Deputy Chief of Staff Braz.

MR. BRAZ: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Brennan.

MS. BRENNAN: Yes.

MR. SHAUGHNESSY: Acting Director Ridolfino.

MR. RIDOLFINO: Yes.

MR. SHAUGHNESSY: Senator Doherty.

SENATOR DOHERTY: Yes.

MR. SHAUGHNESSY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. SHAUGHNESSY: That matter is approved.

We are now moving to No. 5 on the agenda, a Department of Environmental request.

No. 5 is Delaware Heights Park, Block 3001, part of Lot 21, Town of Phillipsburg, Warren County.

DEP, on behalf of the Town of Phillipsburg, requests approval to allow the diversion of 0.485 +/- acres of parkland, within Delaware

Heights Park, in connection with a utility scale solar project proposed to be constructed on private property in Pohatcong Township by Pohatcong Solar Farm, LLC.

The proposed diversion involves the installation of three underground electric transmission cables, one rise pole and guy wire, and 60 feet of aerial transmission lines within a 15-foot wide easement.

To compensate for the diversion of this utility easement, the Town proposes to accept ownership of and permanently dedicate 4.272 acres of replacement land, to be acquired from Pohatcong Solar Farms, LLC, for recreation and conservation purposes.

That's the matter for consideration.

Do any members have any questions or concerns about this matter? (no response)

Hearing none, does any member of the public here today want to be heard on this?

MR. BRAZ: Bob--

MR. SHAUGHNESSY: Yes, I'm sorry.

MR. BRAZ: I noticed that Mayor (Indiscernible) is here; I just wanted to recognize him.

Mayor, did you want to share anything, or are you okay in the audience?

MAYOR STEPHEN R. ELLIS: (off mike) Sure.

MR. BRAZ: Please.

MR. SHAUGHNESSY: The Mayor signed in, "if required."
(laughter)

MR. BRAZ: Sorry to put you on the spot, Mayor.

MAYOR ELLIS: No, it's okay; it's important.

My name is Stephen Ellis; I'm the Mayor of Phillipsburg, New Jersey.

I'm currently ultimately responsible for all infrastructure, land, and all the departments; in this case, the Department of Recreation.

I have been working with CDL Partners, Green Acres, and also counsel for the developer.

I'll add that, in my former life, I spent 35 years with NJDEP as a Regional State Park Superintendent in the North Region, responsible for all the parks above I-78. I was given the responsibility of overseeing, protecting natural historic resources with large projects, such as the Tennessee Gas pipeline; and smaller projects, of course.

All our parks use underground utilities for aesthetic reasons, so I am familiar with the process. And I am very familiar with the diversion process, as I had asked Green Acres, many times, for diversions.

This project will disrupt the field only for a short amount of time -- meaning, in November, so we don't interfere with any of the youth sport schedules. And that was the most important thing to me.

It appears to be written properly; and I think I have faith that this is minor. The only thing I ask that it be -- that we use turf to put back on it, because the grass won't grow in the winter.

Anyway -- yes, I think this is a viable project to get green energy into our town and other locations.

Any questions?

MR. SHAUGHNESSY: Any members have any further questions of the Mayor? (no response)

Okay.

MR. BRAZ: Thank you, Mayor.

MAYOR ELLIS: Thank you.

MR. SHAUGHNESSY: Thank you, sir.

Do any other members have any further questions on this matter? (no response)

Does any member of the public wish to be heard?

Yes, please; come on up and identify yourself, sir.

Thank you.

JAY E. CRONCE: Good afternoon.

My name is Jay Cronce. I'm actually a resident of Manasquan, New Jersey; but I do own contiguous property in Pohatcong Township, Warren County, known as Block 94, Lot 2.02.

And the reason I'm here today is the property that I'm speaking of is up at the intersection of Carpentersville Road, where it crosses I-78, down towards Delaware Heights Park. And I have been in discussions -- I had been in discussions with the developer; and they made a comment at a public hearing, or a meeting at the Town Council in Phillipsburg, that my property was not usable for anything but agricultural purposes.

I had a search done; I've had two searches done. I've asked for a verification of documents. My searcher looked at it; he said, "Jay, whatever-- If they're talking about this one, it only applies to Block 94" -- I think it was -- "7," or something.

I had no -- I have no information that my property is not usable for anything but agriculture purposes, which has been stated; and that I would like the verification on from the developer.

Second of all, there were some meetings where I did initially, way back, get notification on some development plans. And quite frankly, I've been-- To give you a little background, I've been in the real estate business for 40 years. I managed Schlott's land company, State of New Jersey; then I managed Weichert's in the state of Pennsylvania. And then I managed, for a while, Burgdorf's new homes and land; and I had my own real estate company, since 1995, and now I'm working with Berkshire Hathaway.

And I did work for the DEP; I previously worked for NOAA; and I did methodological research for URS Greiner, prior to that was Woodward- Clyde Associates, and then I worked as a private consultant.

So I do know quite a bit about-- And I do happen to know about land use, quite frankly; I've had my family's farm forever, down in Pohatcong Township.

When I look at the four acres, first of all, that they're talking about giving to-- I've driven that road a thousand times; ten thousand -- I can't count. That area there, that four acres, is questionable to be usable. It's in Pohatcong Township, and they're talking about doing a, "Okay, we'll give you this." I was involved with -- where they built the new school, and when they're building that weigh station out on Route 78. And through my efforts, and Frank Gilly (phonetic spelling), we got all that land taken care of.

Now, I spoke to a gentleman the other night, from Pohatcong Township, who's involved with doing a study on what to do with the parks. Pohatcong Township doesn't want any more parks. They have problems already; they don't know what to do with two of them already. And they're

talking about either doing -- putting one big park over by the school, which they're working on now -- but they're determining what to do. But the consensus is, they don't want any more parks. The school-aged children are going down. I think-- I was informed the other night that I think because of our lack of students being sent to the Phillipsburg School District, we may not even have a seat on the School Board -- on that committee anymore, because of a lack of -- the number of students or something.

But with all that being said, I believe that my site is an alternative route; and you could go down through my property, and then go through the back of Philipsburg's property so that you don't have to go right through the playing fields.

There are really three things that happen with development. There's a social impact, there's an environmental impact, and there's a social (*sic*) impact. I've been in business for 40 years; I've worked with a lot of developments. People have concerns about power. When you look at the fiber optic cables and the filaments in the office buildings, there are all kinds of studies that have been done, and a lot of concerns.

And I believe it'll have a social impact, and I don't believe that -- I would believe that there would be residents from Phillipsburg -- if this was put on referendum -- who would be opposed to this. Because regardless of whether it's there or not, it's a power line going through a park. Which really doesn't have to be -- it could come up across and then back, along the back property line, so it's not going right through it, number one.

Number two: There's a gas line that runs underneath, on the Pohatcong side of Carpentersville Road. What's going to happen to that?

If that gets taken out, it's going to devalue my property up the street because my property is contiguous to this gas line.

MR. BRAZ: Mr. Cronic, I'm sorry to interrupt.

Is there someone perhaps from DEP who can address some of the concerns raised by Mr. Cronic, and also talk about how this land was chosen?

Good morning; could you please introduce yourself?

KEVIN APPELGET: Sure.

Kevin Appelget, with the Green Acres Program.

MR. BRAZ: Thank you.

MR. APPELGET: We did review various alternatives with this project; I believe there were five in total.

The one that Mr. Cronic mentioned just a minute ago was a variant of one of those alternatives. And I do recall looking at that and, ultimately, the property between Mr. Cronic's property and the park property is also owned by the Township, and it's considered Open Space. So going -- crossing Carpentersville Road into his property, and then running up I-78 through both Township properties, would actually end up in an additional area of diversion -- more impact to the town's parks.

MR. BRAZ: So this property that's before the State House Commission currently was viewed as having the least needed diversion.

MR. APPELGET: Yes. It was the least impact to the parks of all the alternatives presented. Some of them didn't have any impacts; but they were -- engineering-wise, they weren't feasible.

MR. BRAZ: Okay; thank you.

Any other members have questions for DEP or Mr. Cronic?

MR. CRONCE: Can I just have one comment, too--

MR. BRAZ: Yes.

MR. CRONCE: --and that would be that, you know, when you start -- when you look at this, you have a multi-jurisdictional situation where-- Who's going to, you know-- If you have parkland in Pohatcong Township owned by Phillipsburg, and there's an issue, who is-- There are a lot of gray areas here. In my experience with development of all kinds, you go-- I don't even know if they made application to the Bridge Commission; at this point, they're saying that they can't get access. I don't know if they made a formal application. Normally what you do-- I, myself, when I look at a piece of -- I've done some appraisal work for Green Acres with an MAI; you know, it was work for him, not as a certified appraiser. But I know the process. And to me it's-- There are just too many-- If you don't know where you're going, if you don't know how you're going to get ingress and egress from the start, why would you go forward? It would be like anything -- commercial, residential. It's like, if you don't have-- Why would you do all the plans not knowing where you're going?

And I don't see any financial benefits to Pohatcong or Phillipsburg; a little for Phillipsburg, really not too many for Pohatcong. Which, quite frankly, I question whether even the State should be looking at the fees for-- It's a business. And I know renewable energy; I worked with a company -- they are top five in the world -- they're out of New Jersey. The last two states they were in -- New Jersey and Massachusetts -- because their REC credits were up. They go to the bank; they don't need -- they have their own money. They're back to Southern California, Texas, Arizona. So I'm familiar with it all, and I believe in it, I do believe in it.

But my opinion is, you know, there's an alternative route. And even, I think, maybe if you're going to talk about Green Acres having diversions, maybe you ought to talk about the highway commission having diversions, or giving use variances. Because what's the difference? It's public funds, come out of the State funds, going to a certain municipality; and everybody else in the state is paying.

So you start looking at these things; there are a lot of questions. And my opinion would be that if you're going to do this, get it all done, engineered-- It could hurt me in the future if they have to pull that gas line up. I don't know how that's going to affect-- Mr. Appelget, maybe you would understand, or would know more about this. But what happens if they pull that gas line out because it's a danger? That devalues my property, and that's the way it is.

And at this point, I still -- I haven't been given information specifically that has to do with my Block 94, Lot 2.02, which has been part of this process all along. I haven't seen it; I had two searches done. They've looked at -- you know, looked at it again. One of those-- It was ProTitle out of Warren County; they do a lot of title work.

And Mr. Pence (phonetic spelling) told me, -- he said, "Jay, there's nothing here I can find," and I looked back--

MR. BRAZ: We appreciate your comments and coming here to testify.

MR. CRONCE: All right; so that's it.

MR. BRAZ: But unfortunately, that specific block is not part of the consideration for the State House Commission currently.

Thank you.

MR. CRONCE: No, but any decision you make today may affect me down the road, value-wise.

MR. BRAZ: Understood; and we appreciate you coming here and testifying.

MR. CRONCE: And the engineering -- I haven't seen it; I've asked for it. They said they were going to supply it, and I've never seen it. All they would have had to do was show it to me, and I could-- I know what I'm looking at.

So that's about it.

MR. BRAZ: Thank you.

Do you have anything to add, Deputy Treasurer?

MS. BRENNAN: Can I ask, Mr. Shaughnessy, on the State House Commission fact sheet that accompanies this item -- the alternatives are spelled out in a memorandum. Can you identify which of these alternatives is the one that we've just been presented with?

MR. SHAUGHNESSY: So the State House Commission fact sheet is a product of the DEP. So I would ask the DEP, who authored the fact sheet, to be helpful there.

MR. APPELGET: Both myself and Judeth Yeany, my Bureau Chief, worked on the fact sheet.

Was your question about which alternative Mr. Cronic was referencing?

MS. BRENNAN: Yes.

MR. APPELGET: Alternative *B*. Alternative *B* references using the Route 78 corridor. The Joint Toll Bridge Commission supplied us with

letters denying the use of the right-of-way, so that alternative was deemed not feasible.

MR. BRAZ: Deputy Treasurer, anything further?

MS. BRENNAN: No.

MR. BRAZ: Any other members have any comments, questions?

SENATOR DOHERTY: Yes, I have--

MR. BRAZ: Please, Senator.

SENATOR DOHERTY: Okay.

So has Pohatcong agreed to all of this?

MARK R. PECK, Esq.: (off mike) If I may--

Good morning.

My name is Mark Peck; I'm an attorney with Florio Perrucci Steinhardt and Cappelli law firm, Counsel to Pohatcong Solar Farm, who's actually doing this project.

Yes, Pohatcong is on board with this. Their Land Use Board gave the approvals to construct the underlying solar farm that's the subject of this utility easement today. The 4.27 acres that are being dedicated as Open Space were also carved out of the same project as a subdivision.

Pohatcong is fully informed; their Mayor knows, the Mayor is supportive. We don't have him here today; we didn't think he would be necessary. But this is all being done above ground, transparent, and over the course of the last 18 months with numerous public hearings in both Pohatcong and Phillipsburg.

MR. BRAZ: Thank you.

Senator.

SENATOR DOHERTY: Yes, I have a couple questions about this Delaware River Joint Toll Bridge Commission and Alternative *B*.

I don't quite understand how they come into it. Maybe you can explain that. And apparently they've denied some kind of right-of-way.

MR. PECK: Yes, the purpose of the major diversion that we're here for today is to connect the solar field to the utility transmission station.

(refers to notes)

I'm sorry; I got, with that--

What was your--

SENATOR DOHERTY: Well, where does the-- Could you explain how the Delaware River Joint Toll Bridge Commission--

MR. PECK: Oh, the Bridge Commission.

SENATOR DOHERTY: --comes in with Alternative *B*? And apparently they said that, "There's no way we're giving you a right-of-way."

MR. PECK: Correct.

SENATOR DOHERTY: And how would that impact if we -- say, we wanted to go with Mr. Cronic's alternative. Would that even be possible?

MR. PECK: If we use Mr. Cronic's alternative in order to continue the transmission line, we would have to run through Bridge Commission property. And the Bridge Commission denied us the use of their property. So it would be a dead end.

SENATOR DOHERTY: Okay.

MR. PECK: MR. Cronic is willing to--

SENATOR DOHERTY: Mr. Cronce, do you have comment on that?

MR. CRONCE: Well, I guess my comment is, did you make formal application, or was it just a phone call? "Yes," "yes," "no."

MR. PECK: We have two letters from the Bridge Commission where they explicitly reject our proposal. They wouldn't even entertain-- There were no negotiations, because we raised the question, "Would you entertain this?" and they wrote back and said, "No, we will not."

MR. CRONCE: And I guess another question I would have -- if I may ask, while we're here -- and that is, does Pohatcong Solar LLC -- are they still owners of record for Block 95, Lot 4 and 5? Are they the owners of record for the whole site like it was? I have all the rights.

MR. BRAZ: Does anyone in the audience have an answer to that question?

Please come up and introduce yourself.

Thank you, Mr. Peck.

EDWIN CABALLERO: Good morning.

My name is Ed Caballero; I work for the firm of Maser Consulting. I'm the site civil engineer for the project.

Lot 4 is owned by Pohatcong Solar LLC; Lot 5 is owned by a different developer. And they're doing other developments with the parcel. So there are two separate entities, each one owning each individual parcel.

MR. CRONCE: Where would the four acres -- where does that lie?

MR. CABALLERO: That would lie on Lot 5, not owned by Pohatcong Solar LLC.

MR. BRAZ: Senator, do you have anything further?

SENATOR DOHERTY: No.

MR. BRAZ: Assemblyman?

ASSEMBLYMAN DiMAIO: No, I'm fine.

MR. BRAZ: Thank you.

Gentlemen, thank you.

MR. CABALLERO: Thank you very much.

MS. BRENNAN: Does anybody present have copies of the letters from the Delaware River Joint Toll Bridge Commission, indicating they would not entertain this option?

MR. PECK: They were submitted to Green Acres. We'd have to leaf through, but--

MS. BRENNAN: That's fine.

Can I ask the gentleman representing Green Acres to come up?

MR. APPELGET: We don't have them here with us; we do have them on file.

MS. BRENNAN: But you confirm that's the case.

MR. APPELGET: Yes, that is correct.

MS. BRENNAN: Okay.

MR. SHAUGHNESSY: Okay; any other members of the public wish to be heard on this matter? (no response)

If not, is there a motion by the Commission?

MR. BRAZ: So moved.

MR. SHAUGHNESSY: Okay; thank you, Chair,
Second?

MR. RIDOLFINO: Second.

MR. SHAUGHNESSY: Thank you, Mr. Ridolfino.

I'll call the roll.

Deputy Chief of Staff Braz.

MR. BRAZ: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Brennan.

MS. BRENNAN: Yes.

MR. SHAUGHNESSY: Director Ridolfino.

MR. RIDOLFINO: Yes.

MR. SHAUGHNESSY: Senator Doherty.

SENATOR DOHERTY: Yes.

MR. SHAUGHNESSY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. SHAUGHNESSY: That matter is approved.

Okay; moving on to the next matter.

We now have Department of Transportation requests.

No 6 is Route 76, Section 1, Parcel V1080, adjoining Block 138, multiple lots, City of Camden, Camden County.

DOT requests approval to convey, through public auction, approximately 5.824 +/- acres of excess land located in the City of Camden, Camden County.

The land -- it's intended the land will be conveyed via public auction, with the minimum starting bid of \$1.3 million.

Do any members have any questions or concerns about this matter? (no response)

Hearing none, is there any member of the public who wishes to be heard?

Mr. Kook.

Please identify yourself, in any event.

DAVID KOOK: Good morning.

My name is David Kook; I am the Technical Support Manager for the Right-of-Way Division, Department of Transportation.

I just wanted to correct some information that is in the agenda.

We had an appraisal that set the value for the auction at \$1,050,000. The requester for the property was PSE&G, and before proceeding forward we wanted to make sure they were interested.

They submitted a letter offering \$1.3 million conditionally -- that it not be through an auction, but rather direct sale, because they're trying to build a substation and they want to be able to ensure that they get it and not be bid out from it.

But the actual starting price, as far as we normally do things for the auction, would be \$1,050,000. They weren't offering to pay \$1.3 million into the auction; rather, just as an inducement towards the direct sale, which the Department doesn't have statutory authority to do.

So for the sake of transparency, we made that offer known to the State House. And there are members of PSE&G staff who are here who can explain further what they're trying to accomplish.

MR. BRAZ: Thank you.

MR. SHAUGHNESSY: Thank you; thank you for that clarification.

Is someone from PSE&G here?

W. NEVINS McCANN, Esq.: Good morning, Commissioners.

Nevins McCann, from Connell Foley; here on behalf of PSE&G.

As you heard from DOT, we have been discussing with them the relocation of our State Street substation in Camden, which is located on the waterfront.

The station has been in operation for over 60 years. The useful life of the equipment is at its absolute end; and we are also, with the current location, located within a flood area.

(refers to map)

I just wanted to give you an idea. This is just an aerial picture of where our current substation ends.

So both the City of Camden, the redeveloper of Cooper's Ferry, as well as the County, have asked PSE&G to relocate the substitution. Again, it's at the end of its life; we need to build a new one anyway. According to the Federal and State programs that provide us funding through Energy Strong, we have to build and have this new substation up and operational by the end of 2023.

So today what you have in your packet is a request that it go to auction. We are respectfully requesting this Commission move forward with a direct sale, for a number of reasons, which we're going to go over with you.

It's apparently within the discretion of this Commission to authorize a direct sale. As you heard from the person from DOT, we offered above the appraised value of \$1,050,000 -- we offered another \$250,000 on top of it.

The site itself, where we're looking to go to is a unique and challenging site; but it would work perfectly for a substation. The land was taken by DOT many years ago to put the highways through; so I have a picture of what this site that we're looking to go to, by DOT, looks like.

Pardon my rudimentary--

(refers to map)

This is the DOT parcel right here; as you can see, it's within roundabouts, turnarounds, heavy roadways. There's nondescript industrial sites around. It's not a -- it's not really a site for development, if you will.

And that said, there's also a tremendous amount of environmental issues with the site. So if it were to go to auction, I don't think the minimum bid would be hit; but we're willing to take on the environmental, pay a little bit more for the comfort of knowing where we're going. PSE&G looked at over 12 sites in the area; and I have a couple people from PSE&G who are going to talk about site selection and why it's so important. You need to be near the current load, you can't cross rivers, you can't cross certain roadways. So this really is the only site that works.

As I said, we suggested paying more to take it out of the public auction piece. And it accomplishes a number of goals of allowing for the redevelopment and the renaissance of the Camden Waterfront, which is going on. This piece of property -- the current substation stands in the way.

The most challenging pieces were in the flood zone. And part of the Energy Strong program -- which was spurred out of the Sandy hurricane -- was that all of the substations throughout the state have to be elevated that are in flood zones, or rebuilt, or removed. This is one of those. So timing, as I said, is important.

Either the direct sale or an auction would have to happen before year end for us to build, complete, and have it up and running by 2023.

So I was going to bring up Robert Scimeme, from PSE&G, just to talk a little bit about the site selection. But the current site that you're going to hear about is where DEP owns it -- it's a tent city, it's an illegal dumping ground, it's an eyesore. This would clean it up. There wouldn't be a lot of traffic in and out of it because we build the substation and it kind of just operates -- one car goes in maybe once a week or once a month, as opposed to if someone were to build a -- which wouldn't happen -- but a sprawling residential development would have a problem having all those cars going in and around all those heavy roadways.

I would just like to call up Robert Scimeme real quick.

MR. BRAZ: Please.

ROBERT SCIMEME: Good morning.

MR. BRAZ: Good morning.

MR. SCIMEME: I'm Robert Scimeme; I'm a consultant for a PSE&G. I have 20 years' experience in forensic title research, holding an International Right-of-Way certificate to that end; as well as the New Jersey Title Producers license as credentials.

MR. McCANN: Rob, can you just tell the Commissioners the uniqueness of the site, and the site conditions, and the purpose of the substation relocation?

MR. SCIMEME: Of course.

So the purpose is -- after, as you eloquently put, after Superstorm Sandy, two programs that are State and Federally funded -- called Energy Strong and Energy Strong 2 -- came about to raise these substations or relocate them outside of flood hazard -- FEMA flood hazard areas.

We did go through an extensive search; 12 different sites. We ran through our typical process for vetting reasons; that includes, obviously, electrical and many challenging property issues. It could be wetlands, it could be conservation easements. In this case, the challenge is, we need to be within Camden City. The biggest challenge was we couldn't go outside of -- over the Cooper River in order to fix the problem; that is a load pocket right now. And most importantly, to address the future grid development of Camden and be able to support that.

And as Nevins said, this is a very, very old station. So this is our opportunity to, kind of, do what we've been asked to do for over 20 years by the City, as well as Cooper's Ferry. It's our opportunity to get out of the way.

MR. McCANN: City, County, and Cooper's Ferry.

MR. SCIMEME: Yes.

MS. BRENNAN: So if this was to go -- if this property were to go to auction, are any of those 12 alternative sites a viable alternative?

MR. SCIMEME: So no longer viable; they were viable, as far as electrical and land. But when we met with Cooper's Ferry, City, County, they either had future intended purposes for them that we would be in the way of-- One such-- When we narrowed that list of 12 down, we landed on three; of the three remaining, one was on 3rd and MLK, the other was along

MLK and 12th. So those two sites, we were specifically told by Camden that they had future intended use for that; or they were heavily residential in nature. So we try and stay away from that, for that reason.

MR. McCANN: These substations are heavily industrial. I mean, if you've seen one, it's just the wires, the machinery, and whatnot. This is a location where they probably belong, not in a residential area.

But just-- Rob, can you explain to the Commission what this substation serves and how many meters--

MR. SCIMEME: Of course; absolutely.

So where it really starts, is the project -- it upgrades the infrastructure and the reliability. And it eliminates the risk of system failures, that have been said, for the equipment; but it also addresses other issues. So with this new equipment, the new switch gear and the new station will allow for the creation of interconnections we desperately need between the Cooper Street substation -- which is proposed here -- as well as Woodland and Gloucester -- other stations that will improve network reliability and the support.

So we have approximately 4,000 customers. Those aren't customers; those are 4,000 meters. Of those are Cooper Hospital, Rutgers University, multiple parking garages -- all in the immediate area. So that number is so much larger.

MR. McCANN: Rutgers would be one meter servicing--

MR. SCIMEME: Right.

MR. McCANN: --thousands of people; the hospital -- same thing.

So there's 4,000 of these meters; it's a huge amount. They're, as you know, rebuilding the City and have grand ideas for the waterfront and what should be done there. And to service that increase of activity, this is an integral part of what needs to be done for the health, safety, and reliability of this area.

MR. SCIMEME: Yes; right.

Did you want me to speak a little bit, Nevins, about what we've done so far here -- research into this property, and what it was formerly and currently?

MR. McCANN: Sure.

MR. SCIMEME: Okay.

So in our research -- obviously, with my title background I was tasked to find out what this site was, what it previously was.

So it was over 360 individual lots, at one point in time, as part of a housing complex. So each one was taken by the State individually; so that was fun to tie up the records there. It took us about four months to do.

And within that time, we worked with the DOT to get a TAP -- a Temporary Access Permit -- of which we have completed some initial due diligence, such as our survey work that we've gone through and looked at general arrangements that would limit the negative impacts for traffic. Because, obviously, Federal and Market streets there are all heavily, heavily traveled. So we wanted to make sure any design that we would be proposing in the future would be something that took those into consideration.

So as I think Nevins said, we've completed a Phase 1; obviously, we have not completed a Phase 2, too. However, the Phase 1 does necessitate a Phase 2, which would address some concerns over environmental issues. Because there were so many units, there could be untold amounts of underground storage tanks.

Also in our historical analysis we found that there was formerly a dry cleaner on site--

MR. McCANN: And a gas station.

MR. SCIMEME: --and a gas station. So it will present the challenges, that Nevins was getting into, for future development. It could seem on the surface that it's a wonderful site, because it's five acres in Camden--

MR. BRAZ: How did the environmental remediation issues, or potentialities, affect your ability to -- if you were to get this site -- from developing? Are there hurdles to that? I mean, obviously, I'm sure there's a cleanup. Is there a certain position where you may get this property and you won't be able to move forward?

MR. SCIMEME: Yes; so I don't want to speak out of school for the other project members who are the experts on that. But from my experience and from what I've seen, they've put a substantial amount of money into the risk and contingency budget, because they know there will be environmental remediation to take place. They just don't have-- PSE&G is used to doing this. They acquire sites that other developers wouldn't because, in this particular situation, where we need to be here to address this -- this deficiency, there would be substantial remediation. We know that. And they've tried to quantify, with the Phase 1 results, what

that number would be, and they've put that into the budget for risk and contingency.

MR. BRAZ: Now, for a timeline -- can we talk about the current substation, please?

MR. SCIMEME: Sure.

MR. BRAZ: You said that this has been here for 60 years?

MR. SCIMEME: Sixty-plus years, yes.

MR. BRAZ: Sixty-plus years; it's in a flood zone. Are there any current risks for the substation being deficient or providing substandard service to current residents in Camden?

MR. SCIMEME: So, right now -- so where it stands now is they know that there are load issues; yes.

MR. BRAZ: Explain *load issue*. So there are too many people accessing the system?

MR. SCIMEME: Yes; basically too much access to the one source--

MR. BRAZ: Okay.

MR. SCIMEME: --and it's a difficulty in distribution. The transmission can get to that station, but when it's there to distribute, that's where those issues are.

MR. BRAZ: And that results in blackouts--

MR. SCIMEME: Absolutely; brownouts during the heaviest load in summer times, and blackouts; yes.

MR. BRAZ: And have we been seeing that in Camden during the past heatwaves?

MR. SCIMEME: We have; I couldn't, obviously, speak to the details. But when we met with them -- yes, that is--

MR. McCANN: That's really the biggest issue, and why this Energy Strong program is requiring its replacement. The brownouts are happening; it's one point that feeds so many people. Should it go out, it would be a problem for a long time.

MR. SCIMEME: So the overall numbers in Camden -- (indiscernible) was here with us, so I didn't notice this-- We're at 30,000 customers in excess. So this is a critical piece to that. And, so far, we've been fortunate; the equipment is extremely old and failing, but hasn't failed catastrophically at this point. That's why we're on this tight timeline to address this, and also use the funding provided by the State and the Federals by the end of 2023.

MR. BRAZ: Is there a time sensitivity to the funding you're able to draw down from the State and the Feds, or--

MR. SCIMEME: Yes.

MR. BRAZ: And what is that?

MR. SCIMEME: Yes, if we have -- if we are not in service by 2023, it will no longer be honored.

MR. BRAZ: So in service, or under construction?

MR. SCIMEME: In service. So construction has to be completed; and at least-- The way the *in service* actually read, is at least one transformer -- that switch needs to be on and providing service.

MR. BRAZ: And you may not know this, but how much Federal and State funding--

MR. SCIMEME: So the overall project I can address. This is part of a \$108 million project. I couldn't tell you exactly what this one is, but it is \$108 million overall for this network.

MR. McCANN: But doing one of these substations is a major, significant undertaking, cost-wise.

MR. SCIMEME: Right.

MR. McCANN: Tens and tens of millions of dollars.

MR. BRAZ: At what point do you need to have -- for lack of a better term -- shovel in the ground in order for you to hit that 2023 service distribution deadline?

MR. SCIMEME: So I don't want to misspeak--

MR. BRAZ: No, we're not--

MR. SCIMEME: --but I believe it was spring of 2020, which is why we're trying to push this so urgently and emergently -- is that to make this happen. For example, if we go to public bid, that time frame becomes near impossible. It is -- like, mathematically, it's there, because you have the four weeks of posting and then 10 days of the open bid process.

MR. BRAZ: Yes, I was going to ask that.

Mr. Kook, are you available to answer one question? I'm sorry to--

MR. KOOK: Of course.

MR. BRAZ: Thank you.

I think he was beginning to answer the question, but from the DOT's perspective, how long does an open bid -- what does the process look like? Can you walk us through it?

MR. KOOK: The statute requires that we post four weeks, individually each week, in the local papers -- that we physically post.

We can set the length of the auction ourselves. Typically, 10 days would seem like a good one.

We've only done one auction so far, so we haven't gotten an official policy on how many days. But 10 seems reasonable.

We've had one auction. It was not a developable piece, but it got hundreds and hundreds of views anyway. So we're pretty happy with what the auction is able to do in a relatively short period of time.

MR. BRAZ: And this is the first time we've moved to an online auction, is what you're referring to, correct?

MR. KOOK: Yes; 40 acres in Mahwah.

MR. BRAZ: Deputy Treasurer.

MS. BRENNAN: Mr. Kotler, could you just address the discretion of this body to effectively waive the auction process in favor of a direct sale?

MR. KOTLER: Sure; I'm happy to do so.

I happen to agree with Counsel. The default position is for a public auction, but you do have that discretion.

But let me read-- There's a one-sentence second paragraph of N.J.S.A. 52:31-1.1, which says verbatim, "The sale or grant shall be upon such terms and conditions as the State House Commission shall determine to be in the best interest of the State, and shall be by public auction to the highest bidder unless the Commission shall otherwise direct."

So I believe you have that discretion to do a direct sale. And often, of course, we are presented with direct sale applications.

MR. RIDOLFINO: Gary, I don't know how this applies, but I thought there was a piece of legislation that required any property that was sold for more than \$500,000 have a separate piece of legislation. Or does that not apply to DOT property?

MR. KOTLER: Certainly, pursuant to the State House Commission statute 52:31-1.3, our jurisdiction extends to values of \$500,000 or less. So as far as I know, this would be subject to DOT and PSE&G getting legislation approving this.

MR. SHAUGHNESSY: Would DOT be able to shed any light on that?

MR. KOOK: I'm going to say that the Commissioner has independent authority to convey. He does not require the Governor's approval; however, we have used the State House when we're going to a private sale of an entity. For public sales for public use, we don't. So I think it's about, as far as I can tell, the State House giving it a public hearing and approving what the Commissioner is doing, rather than requiring legislative approval.

However, I'm not aware of that part of the statute; so I'm just saying what we have done.

MR. KOTLER: Well, our statute does not set forth any exceptions. I'm not saying you're wrong, but that's -- regardless of whether it's stated here that it's subject to legislative approval -- if it's needed, obviously that must be attained.

MR. KOOK: The Commissioner does have statutory authority on his own to -- unlike other units that go through Treasury. As I said, we use State House to give it a public vetting.

MR. BRAZ: Yes, I think we would certainly need a little more clarity.

But can we go back to public auction -- and again, a concise timeline?

So, say, today we released this item for public bid. When does it get listed, how long is the process; and when it closes, what's the total duration, potentially -- and I know you can't commit to a specific time -- but potentially for this to be finalized and the property conveyed?

MR. KOOK: Probably a week to get the information into the papers, and then we would have the four-week period. We would be able to-- The auction is essentially uploaded as a draft, because we have to give them an auction number in order to find it in the listing in the paper; and then we make it active. During the period that the thing is open, it obviously can't close until after the advertising period. So for that, I gave it 10 days after the advertising period was closed to complete that. Then drafting together the agreement and the deed might take another month.

MR. BRAZ: So a month, and then it gets into the paper?

MR. KOOK: No, no. We have a way--

MR. BRAZ: Once it's closed.

MR. KOOK: --to get into the paper directly without having to go through a lot of process. So a month for the papers, and then 10 days for the auction, and then perhaps as long as a month to get the internal process completed. And we have to await PSE&G to give us back the signed agreements. And we prepare a deed and then send it out. So a month is being conservative, as far as the end of the process.

MR. BRAZ: So overall, probably about a three-month process.
So, a December timeline.

MR. KOOK: Yes, yes.

MR. BRAZ: And then once it goes to public bid that does not
require legislative approval. Correct, Gary?

MR. KOTLER: I'm sorry?

MR. BRAZ: If it were to go to public auction that does not
need legislative approval. Just direct sales through the State House
Commission.

MR. KOTLER: No, I believe--

MR. BRAZ: Both would.

MR. KOTLER: Yes.

MR. BRAZ: Potentially.

All right; thank you.

MR. KOTLER: Let me just add -- following what Mr. Kook
said -- it does say the provisions of this Act are, "additional and
supplemental to any existing authority to sell the property of the State and
shall not be deemed to be in derogation of such existing authority." This is
Section 1.3, Subsection (b).

So if, in fact, DOT has that authority, that may be acceptable.
But as I said, I'm not certain on that.

MR. BRAZ: Thank you.

Any further questions? (no response)

MR. SHAUGHNESSY: Any other member of the public wish
to be heard on this matter? (no response)

Hearing none, what's the Commission's (indiscernible)?

MR. BRAZ: We'd like to consider moving to direct sale.

Is anyone opposed, given the urgency of the matter?

Assemblyman.

ASSEMBLYMAN DiMAIO: I think that this has such a benefit to the public that it makes sense to move it along by direct sale.

MR. BRAZ: Okay.

MR. RIDOLFINO: My only issue -- it's beginning to sound like there's some conflicting laws out there. I don't know whether they complement or complicate the issue.

So that \$500,000 threshold-- And I know there's a lot there that says that if we sell property -- I thought it was direct, because if you go through public auction, it's fine -- that you need a separate legislation. So I think, unless you know 100 percent that that's not the case, that anything we do here would have to be contingent on that interpretation.

MR. KOTLER: Yes, I think that's the prudent course -- to say *if necessary*.

MR. RIDOLFINO: Right.

MR. KOTLER: Legislation, if necessary.

MR. McCANN: Would we be able to put a caveat on that *if necessary* -- that we find out-- If there is a caveat, that it can't be done -- in whatever opinion you have -- would you be able to fall back and let it go to the public process so we don't have to come back to the State House Commission in December? And then we're really behind the eight ball.

MR. BRAZ: Is that a condition that we could potentially consider?

MR. SHAUGHNESSY: If I may, I think historically if, for instance, the Department of Treasury brings matters to the Commission -- whether it be via public auction or direct sale -- it's my recollection that there would be legislation.

However, I can't speak to DEP, nor can I speak to DOT, if they have separate and distinct authority which would circumvent that statute.

So I think the appropriate action has to be taken, whatever that is.

MR. KOTLER: Correct. And in the past, Counselor, to my recollection-- For example, we just had today, in an earlier one, where one means of the transaction did not occur, and then Treasury came back again and presented to the Commission.

So again, I think that's the prudent course of action -- that if it doesn't work, that that should come back.

I don't recall that the Commission has ever done an either/or -- we either do it this way or, if not, that way. So you need to pick (indiscernible)--

MR. McCANN: Can you just give me one second with my client on this, if you don't mind?

(confers with client)

Just a couple of clarifications.

The direct sale is the preferred method for all the public safety and accommodations that we're trying to do. If that's something that can't be done -- you determine when you finish your paperwork -- we'd have to come up with additional legislation and, perhaps, come back in December for another meeting.

That is not a secure enough position for this project. So in that case, it sounds like a public auction would be done and completed by the early part of December. Again, not ideal; but better than having to come back and do it all over again in December.

Is that accurate?

MR. KOTLER: No.

MR. McCANN: Okay, good.

MR. KOTLER: The last part isn't. Subject to what Mr. Kook in DOT said, it's possible that you would still need legislation either way. So you should analyze it, based on that contingency.

MR. McCANN: So either way, there's going to have to be some sort of legislation, even though we think the Commissioner of Transportation has the authority.

MR. KOTLER: Perhaps, perhaps.

MR. McCANN: Well--

MS. BRENNAN: We have a couple more matters--

MR. BRAZ: Mr. Kook, do you have clarification?

MR. KOOK: I believe the statute you're looking for would be under 27:12-1 -- talking about the sale of property by the Commissioner.

MR. BRAZ: Would you be able to read that to us, Mr. Kook?
(laughter) Sorry.

MR. KOOK: Hopefully, my glasses and the phone are sufficient.

. "Notwithstanding the provisions of R.S. 27:12-1, or any other law to the contrary, if the Commissioner of Transportation determines, pursuant to R.S. 27:12-1, that real property acquired for the use of the

State in the improvement, betterment, reconstruction or maintenance of a State highway is no longer required for such use, the Commissioner shall first offer to sell such property or any right or interest therein at private sale to the owner of the real property whose frontage is contiguous to the real property being sold; provided that the property being sold is less than the minimum size required for development under the municipal zoning ordinance of the municipality in which the property is located and is without any capital improvement thereon; except that when there is more than one owner with real property whose frontage is contiguous thereto, the property shall be sold to the highest bidder from among all such owners. Any such sale shall be for not less than the fair market value of the real property.”

MR. BRAZ: And Mr. Kook, just for clarification -- and I believe you addressed this earlier in your remarks -- this property was acquired by DOT for the use of (indiscernible).

MR. KOOK: Yes; yes, it certainly was.

MS. BRENNAN: But that statute was superseded by the Provision of Law with the \$500,000 threshold?

MR. KOTLER: I was going to say -- I was hoping that there would be a reference, Mr. Kook, that legislation is not required, or that State House Commission approval is not required. But I didn't hear that; it may be elsewhere.

MR. KOOK: I'm not going to pretend to be a lawyer.
(laughter)

MR. RIDOLFINO: Do you know the citation for the \$500,000?

MR. KOTLER: Pardon me?

MR. RIDOLFINO: Do you know the citation for the \$500,000 legislation?

MR. KOTLER: Yes, I just had mentioned it in the record.

MR. BRAZ: So if I may, we have -- I'm sorry, Deputy Treasurer; real quick -- we have a number of items left on the agenda.

MS. BRENNAN: Right.

MR. BRAZ: Would it possible, maybe, to figure out whether we can ascertain this answer before the conclusion of today's meeting and table this until the end?

MS. BRENNAN: Do we want to consult with the AG's Office?

MR. KOTLER: I don't know if I could get that done that quickly. I'm not sure who to consult with.

MS. BRENNAN: Okay.

MR. KOTLER: I can try, but--

MS. BRENNAN: We can hold this until the end of the meeting -- we have a couple more matters -- as Mr. Braz suggested. And give you a few minutes to think through how you want to proceed.

MR. BRAZ: Yes, I think the effort to try to obtain an answer is worthwhile.

MR. McCANN: Agreed; thank you.

MR. BRAZ: Thank you.

MR. SHAUGHNESSY: Okay, so No. 6 we're going to hold in abeyance for a brief while, and finish the rest of the agenda.

So No. 6 is held temporarily.

No. 7, Project Route 206, Block 14, Lot 2, Township of Frankford, Sussex County.

DOT is requesting approval to relocate an existing access easement by DOT in the Township of Frankford, Sussex County, to accommodate the development of a Wawa on the adjacent Lot 2 by One Route 15 Holdings, LLC.

In exchange, Wawa will provide a relocated easement from Lot 2 to the Park and Ride, so as to provide NJDOT with access to and from the Park and Ride, and will contain an area of 1,440 square feet. The new easement granted by DOT to Wawa will contain 1,090 square feet.

Because this is a relocation of an existing access easement which will benefit the area traffic flow, and provide access to the Park and Ride, and the easement provided by Wawa to DOT is larger than the easement provided by DOT to Wawa, the DOT has determined that there is no additional compensation needed from Wawa for this transaction.

That's the matter for consideration.

Do any members have any questions or concerns about the matter? (no response)

Hearing none, are there any members of the public at this meeting who want to be heard on this matter? (no response)

Hearing and seeing none, then may I have a motion?

MR. BRAZ: So moved.

MR. SHAUGHNESSY: Thank you; second?

MS. BRENNAN: Second.

MR. SHAUGHNESSY: Thank you.

I'll call the roll.

Deputy Chief of Staff Braz.

MR. BRAZ: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Brennan.

MS. BRENNAN: Yes.

MR. SHAUGHNESSY: Director Ridolfino.

MR. RIDOLFINO: Yes.

MR. SHAUGHNESSY: Senator Doherty.

SENATOR DOHERTY: Yes.

MR. SHAUGHNESSY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. SHAUGHNESSY: That matter is approved; that's No. 7.

We're moving on to No 8; it's Project Route 70, Section 14, part of Parcel 11, adjacent to Block 446.19, Lot 7, Township of Brick, Ocean County.

DOT is requesting approval to lease a portion of excess land in the Township of Brick, Ocean County, having an area of approximately 9,540 +/- square feet, to Duquesne Holdings LLC, the only adjoining property owner, for the purpose of a parking lot.

The lease will be on a month-to-month basis for five years. The monthly rent, inclusive of municipal service charges, is \$690, which is the appraised value.

DOT will have the right to terminate the lease in the event this land is needed for highway purposes.

That matter is for consideration.

Any members have any questions or concerns? (no response)

Any member of the public wishing to be heard on this matter?

MR. BRAZ: Mr. Kook, I have one; are you the right person to speak to on this matter?

Just one quick, if that's okay.

I know this will be on a month-to-month basis, but is there any obligation on Duquesne Holdings to provide notice that they were going to cancel, or vice versa?

MR. KOOK: Obligation on their part to--

MR. BRAZ: Yes, because I know it's month-to-month. So, for instance, do they have to give us a two-month notice, a three-month notice, four-month notice, to make sure that we have adequate time to find a new tenant?

MR. KOOK: Actually, I'm not sure what their notice rights are. Ours are just to protect us in case we need to move them off.

They do have obligations to remove the parking improvements they'll be putting on there when they terminate. But I don't know exactly if that's 60 days or-- Because we have them responsible to remove the stuff, we're not concerned if--

MR. BRAZ: But typically, notice is required and you would assume it would be standard to allow us time to find a new tenant.

MR. KOOK: Yes.

MR. BRAZ: Okay.

MR. KOOK: Yes; but that was so much less in our thought process than worrying about our road, I just forgot it.

MR. BRAZ: Thank you.

MR. SHAUGHNESSY: Any other members have any questions or comments? (no response)

Any member of the public wish to be heard? (no response)

Hearing none, may I have a motion on this matter?

MR. BRAZ: So moved.

MR. SHAUGHNESSY: Second?

ASSEMBLYMAN DiMAIO: Second.

MR. SHAUGHNESSY: Thank you.

I'll call the roll.

Deputy Chief of Staff Braz.

MR. BRAZ: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Brennan.

MS. BRENNAN: Yes.

MR. SHAUGHNESSY: Director Ridolfino.

MR. RIDOLFINO: Yes.

MR. SHAUGHNESSY: Senator Doherty.

SENATOR DOHERTY: Yes.

MR. SHAUGHNESSY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. SHAUGHNESSY: That matter is approved; thank you very much.

And we're moving on to No. 9 on the agenda.

Project Route 24 Freeway, Section 9, and all those lots, or blocks, or project numbers listed in your public agenda; adjoining multiple lots, adjoining multiple blocks, Township of Hanover, Morris County.

DOT is requesting approval to convey 63.956 +/- acres of the former Route 24 Freeway, Section 9, which are no longer needed for

Department for Transportation purposes, by direct sale to Hanover Township for public use as a park and recreational trail.

The deed of conveyance to Hanover Township will include a conservation restriction for public use, and will acknowledge that DEP Green Acres funding will be involved in the purchase by the Township.

The purchase price is \$473,905, which is based upon the original acquisition cost of the underlying land.

That's DOT's request before us.

Does any member have any questions or concerns? (no response)

Hearing none, any member of the public wish to be heard or testify on this matter? (no response)

Hearing and seeing none, then may I have a motion on No. 9 on the agenda?

MR. BRAZ: So moved.

MR. SHAUGHNESSY: Thank you; and second?

MR. RIDOLFINO: Second.

MR. SHAUGHNESSY: Thank you.

I'll call the roll.

Deputy Chief of Staff Braz.

MR. BRAZ: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Brennan.

MS. BRENNAN: Yes.

MR. SHAUGHNESSY: Director Ridolfino.

MR. RIDOLFINO: Yes.

MR. SHAUGHNESSY: Senator Doherty.

SENATOR DOHERTY: Yes.

MR. SHAUGHNESSY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. SHAUGHNESSY: That is approved; so that's No. 9.

And now we are moving on to the Division of Pensions and Benefits requests.

So first I'll ask for a motion to adjourn as the State House Commission and to convene as the Judicial Retirement System Board of Trustees.

MR. BRAZ: Mr. Shaughnessy--

MR. SHAUGHNESSY: Yes.

MR. BRAZ: --for the item that is in abeyance right now, would us adjourning the meeting close that for that consideration, or can we reconvene as the State House Commission?

MR. SHAUGHNESSY: We'll be reconvening as the State House Commission, and then adjourning.

MR. KOTLER: Yes.

MR. BRAZ: Okay, thank you.

MR. SHAUGHNESSY: So we're just sitting for the Pensions and Benefit matter.

Good question.

So on No. 10, Judicial Retirement System, the New Jersey Department of Treasury, Division of Pensions--

MR. KOTLER: Excuse me; did we move into JRS?

MR. SHAUGHNESSY: You know what? You're right. I don't think I took--

May I have a motion to adjourn as State House Commission and to convene as the Judicial Retirement System?

MR. BRAZ: So moved.

MR. SHAUGHNESSY: Motion; second?

MR. RIDOLFINO: Second.

MR. SHAUGHNESSY: All in favor? (affirmative responses)

Any opposed? (no response)

Any abstentions? (no response)

Okay, we're now sitting as the Judicial Retirement System Board of Trustees.

The first matter is approval of the minutes of the meeting held on May 9, 2019.

Any comments or questions with regard to that matter? (no response)

Hearing none, may I have a motion to accept those minutes from May 9, 2019?

MR. BRAZ: So moved.

MR. SHAUGHNESSY: Second?

ASSEMBLYMAN DiMAIO: Second.

MR. SHAUGHNESSY: All in favor? (affirmative responses)

Any opposed? (no response)

Any abstentions? (no response)

Hearing none, that matter, No. 1, is approved.

No. 2 is confirmation of the death claims, retirements, and survivor benefits as listed in the members' packets.

Do I hear a motion for that?

MR. BRAZ: So moved.

MR. SHAUGHNESSY: Second?

MR. RIDOLFINO: Second.

MR. SHAUGHNESSY: Okay, I'll call the roll.

Deputy Chief of Staff Braz.

MR. BRAZ: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Brennan.

MS. BRENNAN: Yes.

MR. SHAUGHNESSY: Director Ridolfino.

MR. RIDOLFINO: Yes.

MR. SHAUGHNESSY: Senator Doherty.

SENATOR DOHERTY: Yes.

MR. SHAUGHNESSY: And Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. SHAUGHNESSY: Okay, No. 2 in the Pensions and Benefits matters is approved.

No. 3 is just a receipt -- to receive the financial statements for January 19 through June 19, 2019.

May I have a motion for that receipt?

MR. BRAZ: So moved.

MR. SHAUGHNESSY: Second?

ASSEMBLYMAN DiMAIO: Second.

MR. SHAUGHNESSY: Roll call.

Deputy Chief of Staff Braz.

MR. BRAZ: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Brennan.

MS. BRENNAN: Yes.

MR. SHAUGHNESSY: Director Ridolfino.

MR. RIDOLFINO: Yes.

MR. SHAUGHNESSY: Senator Doherty.

SENATOR DOHERTY: Yes.

MR. SHAUGHNESSY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. SHAUGHNESSY: Okay, No. 3 under the Judicial Retirement System is approved.

Finally, it's just an informational item only. It's a report by the Division of Pensions and Benefits of the Appellate Division's decision.

The Appellate Division affirmed the State House Commission's decision for total forfeiture of service and final salary credit for Judge Stephen Thompson.

And again, that's informational only; there's no action to be taken by the Commission today.

I think that concludes those matters.

Now, may I have a motion to reconvene as the State House Commission?

MR. BRAZ: So moved.

MR. SHAUGHNESSY: Second?

MR. RIDOLFINO: Second.

MR. SHAUGHNESSY: All in favor? (affirmative responses)

Any opposed? (no response)

Any abstentions? (no response)

Okay, we are now returning and sitting for that final matter on the State House Commission, which is No. 6.

MR. BRAZ: Mr. Shaughnessy, I know that Mr. Kotler needs to do some research into the matter in question. I request a short recess for him to do his due diligence, and then for us to reconvene to take care of the matter.

MR. SHAUGHNESSY: Okay; I appreciate that, Mr. Chair.
So the State House Commission sits in recess temporarily.
Thank you very much.

(Commission recesses at 12:07 p.m.)

(Commission reconvenes at 12:49 p.m.)

MR. BRAZ: Welcome back to the reconvening of the State House Commission for today.

Mr. Shaughnessy, can you please--

MR. SHAUGHNESSY: Yes.

So we are now returning -- we briefly adjourned -- on item No. 6, Department of Transportation requests.

And that matter was held for a while so that we could have a brief conversation.

MR. KOTLER: Thank you, Mr. Shaughnessy.

As requested, I've checked with my office, the Attorney General's Office, the Division of Law. And what I've been informed is that

there is legislation unique to DOT that, when it follows the procedures set forth in this legislation, it may, by public auction -- they could conduct a public auction without obtaining legislation.

So it's up to DOT, and I guess with the applicant, as to how you wish to proceed, Mr. Kook.

MR. KOOK: The attempt to get legislative approval would probably take quite a bit longer than they're hoping for. So since we do have the authority to go forward with an auction at \$1,050,000 -- which was our appraised value -- that's what I'd like to ask for.

MR. KOTLER: Okay, thank you.

MR. BRAZ: Mr. Kook, is there any reason why you couldn't set the minimum bid at \$1.3 million, which is the offer letter from PSE&G?

MR. KOOK: The PSE&G offer was conditional upon being a direct sale. They didn't actually offer to bid \$1.3 million; therefore, it's not a valid bid in that sense. If they want to change their mind and offer \$1.3 million, I'll let them speak for themselves. It's their money. (laughter)

ROBERT A. VERDIBELLO, Esq.: Yes; good afternoon.

Robert Verdibello, from the law firm of Connell Foley--

MR. BRAZ: Thank you.

MR. VERDIBELLO: --substituting for my colleague, Nevins McCann.

PSE&G is willing set the minimum bid for public auction at \$1.3 million.

It was a conditional offer; that is true. But given the circumstances and the timing, they're comfortable with proceeding in that fashion.

MR. RIDOLFINO: And I think it's DOT's call what the minimum bid should be, not set by a potential bidder. But, I mean, it's their call -- DOT's call.

MR. KOOK: Well, it's clearly in the public interest to get more money, so we'd be more than happy to set the minimum bid at \$1.3 million, since we have a bidder.

MR. BRAZ: Mr. Kook, thank you.

Any questions from any members? (no response)

MR. SHAUGHNESSY: Okay; so any further discussion among the members? (no response)

Any public member wish to be heard? (no response)

Hearing none, may I have a motion to move--

MR. BRAZ: So moved.

MS. BRENNAN: Second.

MR. SHAUGHNESSY: --No. 6?

MR. KOTLER: No, if I may interject?

MR. BRAZ: Sorry; Mr. Kotler.

MR. KOTLER: We need to amend the application. So it is for a public auction, but it was at \$1,050,000. So if there's a motion to approve it at \$1.3 million, that would seem to be appropriate.

MR. SHAUGHNESSY: Okay, it's my understanding there is a request for a motion to approve--

MR. RIDOLFINO: Is that what DOT is requesting -- to set it at \$1.3 million?

MR. KOTLER: Yes; Mr. Kook, would you confirm that?

MR. SHAUGHNESSY: The public agenda indicated \$1.3 million public auction.

MR. KOOK: We are requesting that, and your agenda already has that as \$1.3 million. I was asking to correct that to the appraised value; but since we have an actual bid available, and your agenda already says \$1.3 million, then we will go along with that.

MR. KOTLER: Okay; yes, thank you for that clarification.

MR. BRAZ: Thank you. Mr. Kook.

MR. KOTLER: So Mr. Chair, we'd be good with your motion, if you would like to renew it.

MR. BRAZ: Thank you.

MR. SHAUGHNESSY: Okay; so I understand there is a motion to go to public auction.

ASSEMBLYMAN DiMAIO: Second.

MR. SHAUGHNESSY: There's a motion and a second.
I'll call the roll.

Deputy Chief of Staff Braz.

MR. BRAZ: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Brennan.

MS. BRENNAN: Yes.

MR. SHAUGHNESSY: Director Ridolfino.

MR. RIDOLFINO: Yes.

MR. SHAUGHNESSY: Senator Doherty.

SENATOR DOHERTY: Yes.

MR. SHAUGHNESSY: And Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. SHAUGHNESSY: That matter is approved.

I believe that's the final matter.

If there is no other business to come before the Commission,
may I have a motion to adjourn?

MR. BRAZ: So moved.

MR. SHAUGHNESSY: Second?

MS. BRENNAN: Second.

MR. SHAUGHNESSY: All in favor? (affirmative responses)

Thank you for your time and efforts.

MR. BRAZ: Thank you, I appreciate it.

MR. SHAUGHNESSY: Thank you.

(MEETING CONCLUDED)